

FI\$Cal Frequently Asked Questions (FAQs)

1. What is the FI\$Cal Project?

FI\$Cal stands for the Financial Information System for California. The project represents a multi-year commitment by the State of California to leverage the power of Enterprise Resource Planning (ERP) technology to transform the state's systems and workforce to operate in an integrated financial management system environment. FI\$Cal will encompass resources and dollars in the areas of budgeting, accounting, procurement, cash management, financial management, financial reporting, cost accounting, asset management, project accounting, grant management and human resources management.

2. What is ERP?

ERP is an acronym that stands for Enterprise Resource Planning. ERP is a way to integrate the data, functions and processes of an organization into one single system. ERP systems have many components including hardware and software, in order to achieve integration, most ERP systems use a unified database to store data for various functions found throughout the organization. ERP will be the major component of FI\$Cal, and once fully implemented, it will affect everyone associated with the State and make the State data management more accurate, convenient, and easier to access.

3. Who is behind the FI\$Cal Project?

FI\$Cal is an historic partnership of the Department of Finance (DOF), the State Controller's Office (SCO), the State Treasurer's Office (STO) and the Department of General Services (DGS). These four Control Agencies (known as the Partner Agencies) have authority over the state's financial management. To ensure the success of the project, the Partner Agencies have entered into a Memorandum of Understanding (MOU) signed by the State Controller, the State Treasurer, and the Directors of the Departments of Finance and General Services. The MOU demonstrates support for the project at the highest levels of these organizations and well as provides the framework for this partnership.

4. What is Enterprise Resource Planning?

Enterprise Resource Planning (ERP) has many definitions, but it is typically understood to be a set of software applications that integrate and streamline business processes that are generally used through the enterprise such as accounting, procurement, payroll, time sheets, and budgeting.

5. What are the benefits to the State of California in adopting ERP technology?

ERP technology offers the following benefits to improve the state's business practices and performance:

- ✓ Standardizes and streamlines government operations and gives managers, end-users, and stakeholder's access to timely and accurate information.
- ✓ Standardizes and modernizes technology, which will reduce the wide variety of programming languages, tools, and databases used in the state.
- ✓ Eliminates redundant systems and processes by integrating all financial information into a single system.
- ✓ Increases transparency to provide a better basis for decision making and knowledge sharing to the public and the state's business partners.
- ✓ Utilizes best practices for handling and processing data
- ✓ Supports project, grant, and activity-based reporting at multiple levels.
- ✓ Increases fiscal accountability and control at all levels of an organization, including statewide.
- ✓ The November 2007 Special Project Report provides a discussion of the objectives of the FI\$Cal Project.

6. What are the goals of the FI\$Cal Project?

The following project goals were jointly agreed to by the Partner Agencies. These goals are fundamental to the success and the future financial management health of the state.

The agreed upon goals include the following:

- ✓ Re-engineer the state's outdated business architecture and processes. The FI\$Cal Project provides a unique opportunity to coordinate, partner, and create new standard business architecture and focus on a statewide strategy.
- ✓ Address workforce succession planning through the use of a common statewide system to provide homogenous business administration, processes and practices, along with standardized tools to state employees performing the basic business processes of the state. This will significantly reduce training costs as employees move from one agency/department to another.
- ✓ Address workforce succession planning by modernizing the knowledge and skills of the state's financial management workforce. Modernizing the classifications and testing also support this goal.
- ✓ Address knowledge transfer to various levels of state staff to minimize or eliminate long-term reliance on vendor operations support and maintenance.
- ✓ Integrate the budget development, budget administration, accounting, procurement, payment/disbursements, cash management, asset management, human resources and reporting processes of the state.
- ✓ Provide accessible management information with both depth and breadth through business intelligence applications.
- ✓ Provide superior data quality and integrity by formulating common business terms, policies, and practices within a system that employs strong internal controls.
- ✓ Maintain an archive of historical electronic information that can be retrieved when needed.

#6 Answer Continued

- ✓ Establish the state's ERP software standard.
- ✓ Improve understandability of the budget to the public, Legislature, and department management (especially those responsible for specific program expenditures).

7. What is the Scope of the FI\$Cal Project?

FI\$Cal will encompass resources and dollars in the areas of budgeting, accounting, procurement, cash management, financial management, financial reporting, cost accounting, asset management, project accounting, grant management and human resources management.

The following table summarizes the business functionality that will be represented by the initial product selection and has been defined by the Partner Agencies and departments.

Major Function	Sub Functions	Comments
Budget Development and Enactment	Planning	Includes all budget planning processes.
	Development and Enactment	Includes decision making support, the spring budget updates, Legislative actions and veto decision processes.
	Position Control and Salary Administration	Includes utilizing position control and salary administration data from the State Controller's Office for the purpose of budget development and administration. This information will also be used for other accounting purposes such as cost allocation.
	Revenue Forecasting	Includes revenue estimates for most non-major revenues (e.g., special funds). Complex forecasting tools used to calculate the major sources of revenue, primarily for the General Fund will continue to work independent of this system; although, summary data will be entered (or interfaced) to support the budget development process.
	Budget Documents	Includes the Governor's Budget, Salary and Wages Supplement, May Revision, A-Pages, Budget Highlights, etc.
Budget Administration	Budget Administration and Monitoring	Includes incorporating real-time accounting information for budget monitoring/reporting.

#7 Answer Continued

Major Function	Sub Functions	Comments
Appropriation Accounting	Budget Control	Includes allotment accounting, budget plans, and budget preparation support for department.
	Budget Administration	Includes budget Executive Orders and Budget Revisions process among departments, Department of Finance, and State Controller's Office maintaining and monitoring/reporting.
General Ledger Accounting	General Ledger	Includes central/shared tables for consistency (e.g., chart of accounts, commodity and service codes)
Receivables/ Collections	Revenue and Receipt Accounting	Includes revenue and receipt tracking.
	Accounts Receivable	Excludes program-based cashiering and cash receipting functions.
Payables	Encumbrance Accounting	Begins with the requisition process for internal control and identification of "spend" information (i.e., what are we buying for the state).
	Accounts Payable	Includes payable tracking and request for payment.
	Office Revolving Fund	Includes office revolving fund checks.
	SCO Disbursements and Audits	Creation of an electronic or paper warrant (includes internal controls, edits, parameters, and validation protocols) which will be used and monitored by State Controller's Office Audits.
Procurement	Contracts	Includes functionality to establish, manage, and administer departmental contracts and the state's leveraged procurement agreements.

#7 Answer Continued

Major Function	Sub Functions	Comments
Procurement (Continued)	Requisitions and Purchase Orders	Includes functionality to create requisitions, create and manage purchase documents, delivery and receipt, and manage the state's payment cards.
	Vendor Management	Includes requirements for consistent departmental processing and statewide process including a single statewide vendor file.
	Solicitations and the Solicitation Process	Includes utilizing best practices for electronic Bids, Request for Information or Request for Proposals.
	Notices of Intent to Award and Contract Award	Includes award processes.
	Solicitation Advertisement and Supplier Subscription Service	Related to the solicitation processes.
	Commercially available Electronic Catalogs and Catalog Ordering	Excludes customized electronic catalogs.
Project Accounting	Project Repository	Provides a comprehensive data store for project expenditures across the state. Provides for multi-year project budgets.
	Capital Projects	Includes working in conjunction with specialized project management and engineering systems for departments focused on capital projects.
	Project Reporting	Records and reports on project financial activity as necessary to meet federal, state, and management needs.
Grant Management	Grant Tracking	Tracks grants, whether the state is a grantee or a grantor.
	Grant Repository	Provides a comprehensive data store for grant activity across the state.

#7 Answer Continued

Major Function	Sub Functions	Comments
Cost Accounting	Labor Distribution	Includes distribution of personnel and overhead costs across different programs, projects, grants, and other chart of account elements. Labor distribution should be as close to real time as possible.
	Indirect Costs	Includes a cost allocation and labor distribution component, addressing program, project, fund, unit, and activity. Indirect costs should be as close to real time as possible.
Cash Management	Cash Tracking/Forecast	Track and forecast cash deposits, disbursements, and cash balance; maintain and monitor cash balance of funds (STO); and borrowing cash from internal and external sources (STO).
	Bank Reconciliation	Includes the monitoring and managing of the cash in depository banks.
	Deposits	Includes providing the Front-End Deposit System (FEDS).
	Check Writing	Includes a check writing system.
Bank/Warrant Reconciliation	Bank Reconciliation	Bank reconciliation between the STO and third-party financial institutions.
	Banking Services	The STO acts as a bank and is presented with state-issued checks, vouchers, and warrants by financial institutions for redemption.
	Other Bank/Warrant Account Reconciliation	Will reconcile the agency checking accounts (e.g., Office Revolving Funds, trust accounts and other cash/general cash accounts) which are expected to remain. Includes SCO warrant reconciliation.

#7 Answer Continued

Major Function	Sub Functions	Comments
Asset Management	Basic Asset Management	Focusing on department and state-level asset accounting (Governmental Accounting Standards Board 34 and 35). In scope asset accounting includes the description of assets (including works of art/treasures; tracking and location of assets; useful life and depreciation; impairments (GASB 42); and the ability to reconcile the inventory to the control account.
Human Resources	Position Control and Salary Administration	The payroll system administered by SCO is the system of record including all transactions related to this functionality. Data transfer from the payroll system is used to support budget and accounting functionality requiring this information.
	Labor Distribution Data	State accounting requires labor distribution to spread costs to other funds and programs.
	Role-based Identity Data	Employee identification/ authentication and role-based authority (for the FI\$Cal Project only).
	Single Time Sheet	Includes single time sheet for state employees for both cost accounting and leave accounting.
SCO Audits	Expenditure Audits	This is not a function of the system, but a requirement by statute for all expenditures to be audited before paid. This audit function is defined by a set of requirements and will include standard processes and audit tools to meet the requirements.
Security	Security Plans and Protocols	This is not a function but a requirement to include security plans and protocols to provide sufficient level of protection and integrity for the state's critical information, as well as, Partner Agencies and department business needs.

8. What state operations are Out-Of-Scope for the FI\$Cal Project?

The following administrative functions are not in the initial scope of the FI\$Cal Project. However, since it is the intent of the state to standardize its administrative software, the FI\$Cal software may be used to include these in the future. They would be incorporated into the system under separate projects.

Major Function	Sub Functions	Comments
Asset Management	Department of General Services/Department Functions	Functions where asset management functionality is desired beyond asset accounting, identification and location of fixed assets.
Procurement	Inventory Management	Functions that track the warehousing, utilization, and restocking of inventory.
Human Resources	Human Resources	All functions with the exceptions noted in the Initial Scope Efforts. The payroll system administered by SCO will be the source of data.
Revenue Forecasting	Revenue Forecasting	Forecasting requirements performed by DOF for major revenues using data which originates from departments (e.g., FTB, BOE).
Payables	Employee Expense Claims	SCO has CalATERS in place which all departments are mandated to use by July 1, 2009. When CalATERS must be upgraded, just like the other A/R systems, this software may be used for the future replacement or upgrade of these systems in separate but related Stage 3 projects. There may be departments exempt from CalATERS that may require this functionality sooner as a separate but related project.

#8 Answer Continued

Major Function	Sub Functions	Comments
Various	Specialized Business Functionality Department Systems	<p>Specific functionality, such as major (very large and specialized) Cashiering/Cash Receipting/Accounts Receivable, is excluded. However, a key function is to record revenue and cash and reconcile to the cashiering subsidiary systems. Accounts Receivable (A/R) must be part of this system. It is a critical subsidiary to the General Ledger (GL) and a foundation of the ERP. Very large, specialty A/R systems such as Department of Public Health's Genetic Disease billing system or Franchise Tax Board's ARCS (Accounts Receivable Collection System) are not part of this project. Therefore, the software selected will stipulate that capabilities to support these types of functions will be available because the tool selected may be used for the future replacement or upgrade of these systems in separate but related projects. There are also very specialized expenditure programs such as Medi-Cal, In-Home Supportive Services (IHSS), and Child Support that have special custom programs to meet their mandates. It is expected that the standard functions of these and other special expenditure programs will be part of the FI\$Cal system such as payables, disbursements and bank reconciliation. In summary, while some specialized systems will reside outside of FI\$Cal (for example, to determine what amounts should be apportioned to local governments, what should be paid to IHSS workers or doctors, etc.) the outcome of these computations will populate the functions of FI\$Cal in the Accounts Receivable, Accounts Payable and General Ledger.</p>

The first stage of the project will defer departments that have implemented or are in the process of implementing an ERP system; however, these departments will be required to provide data for receipts, accounting, disbursements, and year-end reporting. As these department's ERP systems require upgrades or the department desires expanded functionality, they will move to the FI\$Cal system. A standard interface will be developed for these departments to either exchange data or information through the interface or to enter state-level information into the statewide ERP system as needed by one of the Partner Agencies for this stage. Most departments have not developed the budget portion of an ERP system and it is expected that they will utilize the FI\$Cal system for budget development. This interim process will remain in place until the full transition to a statewide financial and administrative system is completed.

9. Will the supplemental systems now used by my department or agency be eliminated by the FI\$Cal Project?

The FI\$Cal Project recognizes that most departments utilize stand-alone administrative systems to perform specific functions to supplement core administrative systems like CALSTARS or other departmental accounting systems. These "supplemental systems" are not always formally supported and maintained systems that are part of the state's infrastructure. But they are nonetheless critical systems that department staff rely on to accomplish their work.

The project will undertake an on-site baseline analysis to identify these systems at each department during that departments first year of FI\$Cal implementation. Until that time, the number and uses of these supplemental systems is unknown. Nonetheless, departments may wonder whether their supplemental systems will be eliminated by the FI\$Cal project. To answer this question, the project has examined several existing systems as a way to demonstrate what is "in-scope" for the project and what is "out-of-scope."

The following chart displays examples of many of the types of subsidiary systems (some generic and some actual systems) and which major functions within those systems would be replaced by the FI\$Cal Project (in scope) and which functionality is considered out of scope for the initial stages of the FI\$Cal Project. The state recognizes that there are many functions offered by EPRs, but all of those functions cannot be part of a single project. Therefore, the addition of future functions and modules may be developed as separate, but coordinated, related projects.

#9 Answer Continued

Type of System	System Description	In-Scope Functionality Stage 1 and 2	Out of Scope Functionality Stage 1 and 2
The following are examples of subsidiary systems that are common at several departments:			
Accounts Receivable Invoice Billing Systems	Generates and tracks invoices for fees and assessments and generates delinquent (dunning) letters for accounts receivables.	<ul style="list-style-type: none"> Accounts Receivable Generate invoices Generate delinquent (dunning) letters Track collection activity Cash Receipts Bank Reconciliation Accounts Receivable/Cash Reports Financial Reports 	Generation of amount due, if complex data and computations are required, may be computed externally to the A/R system.
Customer/Licensee/Patient Accounts Receivable Systems	<p>Contains detailed data and/or confidential information on customers/licensees/patients, fees due, fees received.</p> <p>Generates accounts receivable invoices and delinquent (dunning) letters for accounts receivables.</p>	<ul style="list-style-type: none"> Accounts Receivable Generate invoices Generate delinquent (dunning) letters Track collection activity Cash Receipts Bank Reconciliation Produce Accounts Receivable/Cash Reports Financial Reports 	<p>Contains detailed data and/or confidential information on customers/licensees/patients, including case management information.</p> <p>Record of individual fees due, individual fees received may occur within the ERP system or may be an external system depending on multiple factors such as the size or complexity of the system (i.e. Child Support or Sales Tax collection). This determination will occur on a case by case basis.</p>

#9 Answer Continued

Type of System	System Description	In-Scope Functionality Stage 1 and 2	Out of Scope Functionality Stage 1 and 2
Grant Tracking Systems	Track federal grants, federal funding allocations, draw downs, expenditures and reimbursements	<ul style="list-style-type: none"> • Budget • Appropriation • Procurement-Contract • Accounts Payable • Grant Accounting • Cost Accounting • Reimbursements • Federal Reports • Financial Reports 	Program compliance tracking (i.e. number of patients seen, or other program outcomes) and other reporting activities. Many ERP solutions have this capability, but it could be added as a future project effort if desired.
Grant Delivery System	Award, track, reconcile and disburse state grants such as Cal Grant, foster youth grants and other state grants such as parks, health care and disaster recovery.	<ul style="list-style-type: none"> • Budget • Appropriation • Procurement-Contract • Accounts Payable • Grant Accounting • Cost Accounting • Reimbursements • Federal Reports • Financial Reports 	Detailed data on schools and students receiving Cal Grants and youth grants and other state grants such as parks, health care, disaster recovery, etc., including grant applications and other confidential information. Also excluded are other grant reporting activities, including compliance reporting.
Purchase Order Tracking Systems	Track purchase orders issued and goods received. Track purchases by operating expense line item including service and commodity code structure.	<ul style="list-style-type: none"> • Procurement- Purchase Orders • Accounts Payable • Procurement and Expenditure Reports 	None.
Contract Databases	Track and manage contracts Track contract amounts and payments, invoice numbers, amendments, line item information, claim schedule numbers.	<ul style="list-style-type: none"> • Procurement- Contracts • Accounts Payable • Procurement and Expenditure Reports 	Any special computations to determine the amount of the contract may (depending on the size and complexity) occur outside of the system. This will be determined on a case by case basis.
Budget Development Tracking Systems	Track departmental budget appropriations and all information impacting appropriation such as budget revisions, special legislation, and executive orders.	<ul style="list-style-type: none"> • Budget Development • Appropriation • Produce Budget Reports • Financial Reports 	None.

#9 Answer Continued

Type of System	System Description	In-Scope Functionality Stage 1 and 2	Out of Scope Functionality Stage 1 and 2
Budget Administration Tracking Systems	Track departmental budget amounts at the appropriation, allotment, program, fund, project, and object of expenditure level.	<ul style="list-style-type: none">• Budget Administration• Appropriation• Produce Budget Reports• Financial Reports	None.
Cash Management Systems	Tracks daily balances of cash on hand. Used to determine cash flow and forecast cash position.	<ul style="list-style-type: none">• Budget• Appropriation• Cash Management• Produce Cash Flow Reports• Bank Reconciliation• Financial Reports	Any special computations to perform complex cash forecasting may occur outside of the system. This will be determined on a case by case basis.

10. What will the FI\$Cal Project Cost?

The cost of the FI\$Cal Project is \$1.6 Billion for a 12-year effort. Over that 12-year time frame, the state's financial systems will be required to manage in excess of \$10 trillion. The cost of the FI\$Cal Project represents spending only 0.016 percent of that amount to support the enterprise.

11. What is the proposed timeframe for the FI\$Cal Project?

Project Phases	Phase Deliverables	Proposed Schedule
Initial Planning	<ul style="list-style-type: none"> Convene Steering Committee Conduct procurement for chart of accounts analysis and acquisition assistance 	July 2005 – January 2006 (Completed Task - No Change)
Chart of Accounts and Standards and Requirements Workshops	<ul style="list-style-type: none"> Analyze the existing Uniform Codes Manual Develop a strategy for statewide chart of accounts and standards Explore market alternatives Develop business requirements 	February 2006 – October 2006 (Completed Task – No Change)
Special Project Report	<ul style="list-style-type: none"> Re-evaluate project, goals, and statewide approach Review of report 	August 2006 – November 2006 (Completed Task – No Change)
Procurement	<ul style="list-style-type: none"> Develop draft Request for Proposal 	December 2006 – August 2007 (Completed Draft RFP)
Memorandum of Understanding (MOU)	<ul style="list-style-type: none"> Complete MOU to provide the framework for the partnership of the Department of Finance, the State Controller's Office, the State Treasurer's Office and the Department of General Services in compliance with Budget Bill language. 	July 2007 - October 2007
Special Project Report #2	<ul style="list-style-type: none"> Develop Special Project Report #2 at the direction of the Legislature in compliance with Budget Bill language 	August 2007 – January 2008
Procurement	<ul style="list-style-type: none"> Finalize Request for Proposal based on direction from the Legislature. 	April 2008 – October 2008
Procurement	<ul style="list-style-type: none"> Conduct business based procurement for statewide software and system integrator services 	October 2008 – October 2009
Special Project Report #3	<ul style="list-style-type: none"> Complete Special Project Report (SPR) to report solution and updated costs. Review of SPR by Office of Technology Review and Security & the Legislative Analyst's Office and other authorizations as required 	November 2009 – December 2009 (Develop SPR #3) January 2010 - February 2010

#11 Answer Continued

Project Phases	Phase Deliverables	Proposed Schedule
Implementation: Initiation, Planning & Design	<ul style="list-style-type: none"> • Project plan, schedule and resource assignments • Business process analysis • Change management program development • Requirements specification and decomposition 	March 2010 – February 2011
Implementation: Build	<ul style="list-style-type: none"> • Site preparation and configuration • Solution build, configuration, customization and installation • Configuration management and change control • Testing and training plan development • Data conversion planning and execution • Interface development • Documentation development 	March 2011 – November 2011
Implementation: Testing and User Acceptance	<ul style="list-style-type: none"> • Unit, integration, system and performance testing • User acceptance testing • Change management program 	December 2011 – May 2012
Implementation: Release and Deploy Solution – Partner Agencies and selected departments	<ul style="list-style-type: none"> • Implementation event schedule • Release management processes established • Change management program • Training – technical, administrator and user • Production deployed to the Department of Finance, the State Controller's Office, the State Treasurer's Office and the Department of General Services and selected departments • Evaluation Report after first department roll-out. 	Stage 1, Wave 1—April 2012 –June 2012
Legislative Report	<ul style="list-style-type: none"> • Assess Deployment results • Prepare Legislative Report • Legislative commitment to continue project 	July – October 2012
Implementation: Release and Deploy In a Phased Approach	<ul style="list-style-type: none"> • Implementation event and deployment schedule • Change management program • Training – technical, administrator and user • Production deployed to departments and agencies in a staggered process 	Stage 1, Wave 2 – June 2013 Stage 2, Wave 3 – June 2014 Stage 2, Wave 4 – June 2015 Stage 2, Wave 5 – June 2016
Project Closeout	<ul style="list-style-type: none"> • Final system documentation • Conduct an assessment of process changes • Maintenance and operations structure in place • Final Evaluation Report 	June 2017

12. *What are the minimum desktop system standards to connect to the FI\$Cal applications(s)?*

Currently, the Project is in the procurement phase so standards can not be determined because software has not been procured. As the Project progresses and software is procured, information on minimum desktop standards will be released.